

FUEL POVERTY CONSULTATION – UPDATE REPORT

1.0 EXECUTIVE SUMMARY

1.1 Argyll and Bute Council have provided a response to the Scottish Government's Fuel Poverty Strategy Consultation which outlined a proposed new definition for fuel poverty. The response included contributions from the Argyll and Bute Energy Efficiency Forum (EEF) and the Council's Welfare Reform Working Group. The response outlines disappointment that the Scottish Government haven't provided a rural weighting on their proposed definition for fuel poverty; and outlines the issues which rural areas face in terms of domestic energy efficiency. The report also outlines the opportunities that island areas currently have access to relating to grant funding; and identifies proposals to ensure energy inefficient households are targeted for island areas across Argyll and Bute.

2.0 RECOMMENDATION

2.1 The Strategic Group consider the response from Argyll and Bute Council.

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3.0 INTRODUCTION

- 3.1 Argyll and Bute Council have provided a response to the Scottish Government’s Fuel Poverty Strategy Consultation which outlined a proposed new definition for fuel poverty. The response included contributions from the Argyll and Bute Energy Efficiency Forum (EEF) and the Council’s Welfare Reform Working Group. The Energy Efficiency Forum response included representation from the Iona Renewables Group and Islay Energy Trust.
- 3.2 This report presents an overview the response to the Fuel Poverty Strategy consultation; as well as the specific issues and activities that relate to island communities and fuel poverty.

4.0 RECOMMENDATIONS

- 4.1 The Strategic Group consider the response from Argyll and Bute Council.

5.0 OVERVIEW OF FUEL POVERTY CONSULTATION

- 5.1 The Scottish Government have proposed the following fuel poverty definition in the consultation:
- “Households in Scotland are in fuel poverty if:*
- *they need to spend more than 10% of their after housing cost (AHC) income on heating and electricity in order to attain a healthy indoor environment that is commensurate with their vulnerability status; and*
 - *if these housing and fuel costs were deducted, they would have less than 90% of Scotland’s Minimum Income Standard (MIS₁)(*) as their residual income from which to pay for all the other core necessities commensurate with a decent standard of living.”*
- 5.2 Argyll and Bute Council responded citing their disappointment that there was no rural weighting allocated to the definition – in spite of the known rural

premium that rural areas are disadvantaged by. The Council also queried the definition itself; as it is difficult to explain to householders; with the current 10% of household income being easier to convey and calculate. Through the consultation, the Council identified issues relating to remote and island areas such as the lack of mains gas and more expensive heating options; conservation area restrictions for insulation measures; and logistical/cost issues as main drivers for having a rural weighting applied to the definition. The Council also recognised that the definition would ensure that wealthy householders with larger homes would not be in fuel poverty – which was welcomed.

- 5.3 Argyll and Bute Council welcomed ambitious targets being set through the consultation (e.g. eradication of fuel poverty by 2040); however with rising fuel bills and living costs, eradication may be impossible without enforceable legislative powers.
- 5.4 In terms of proxies which the Scottish Government require for insulation schemes such as the Councils Home Energy Efficiency Programmes for Scotland: Area Based Scheme (HEEPS: ABS); the Council stated that a council tax band A-C proxy for fuel poverty doesn't work in rural/off gas grid areas; and further consideration/relaxation of these proxies should be allowed.

6.0 FUEL POVERTY ISSUES AND FUTURE OPPORTUNITIES FOR ISLANDS

- 6.1 The current fuel poverty rate for Argyll and Bute is estimated at 45%, compared with the Scottish average of 26.5% (Scottish Housing Condition Survey, 2017). This is predominantly due to three overlying factors:
1. Lack of access to affordable heating (e.g. mains gas)
 2. Low Incomes
 3. Energy inefficient properties
- 6.2 These issues are particularly relevant to Island areas; as there is little or no access to mains gas; meaning householders have to use more expensive alternative such as electricity; heating oil or woody biomass to heat their property. Given the known increased living costs for island areas; coupled with lower incomes, householders will have less access to disposable income to pay for their fuel (which is already inherently more expensive). Furthermore, island areas have a high level of pre 1919 solid wall housing stock; which are known to be hard to heat; hard to treat (in terms of energy efficiency improvements) – and therefore more expensive.
- 6.3 Argyll and Bute Council can assist householders to improve their incomes through maximising benefits that householders are entitled to – which can be evidenced through the work of the Welfare Rights team. Additionally, there are a variety of different insulation and heating programmes that are currently available through the Scottish Government, such as:

- Argyll and Bute Council HEEPS: ABS programme (which focusses on insulation measures to Council Tax Band A-C properties regardless of income (and D with an income of less than £20,000)
- Warmer Homes Scotland scheme (available to householders based on eligibility criteria related to receipt of benefits; and can offer a range of energy efficiency improvements)
- Help to Heat insulation and heating system programme
- Equity Loan Scheme (delivered by Argyll and Bute Care and Repair and focusses on energy efficiency improvements and repairs)
- Scottish Government interest free loan scheme (available to all householders in Argyll and Bute; and can provide interest free loan funding for energy efficiency improvements)

6.4 In addition to this, the Islay Energy Trust have grant funding available through the Community Benefit payments from their wind turbine – which can assist with funding for fuel bill payments (up to £500); and energy efficiency improvements. Despite a high level of promotion of the fuel poverty section of their grant funding, there has been an extremely limited uptake of the grant offer.

6.5 Argyll and Bute Council – through the HEEPS: ABS programme – are proposing for the 2018/19 funding year to target council tax band A-C properties across the local authority area; as well as piloting on all islands, a Council Tax Band D and above criteria based on an Energy Performance Certificate (EPC) rating of E or below (with the Scottish average rating being a D). This would mean that a fairer spread of work can be generated on island areas; and ensures that older, energy inefficient households can receive insulation improvements where they are required.

7.0 CONCLUSION

7.1. This report has provided an update on the Fuel Poverty Strategy response with an emphasis on island areas which the Council have submitted. It additionally provides an oversight on the issues relating to island areas; funding options that are currently available through the Scottish Government to assist fuel poor households; and proposes an opportunity for island areas to access further grant funding where households need it the most. Access to the consultation response can be found on the Scottish Government consultation website (www.consult.gov.scot). Argyll and Bute's response is attached in Appendix 1.

8.0 IMPLICATIONS

- 8.1 Policy
- 8.2 Financial
- 8.3 Legal
- 8.4 HR
- 8.5 Equalities

8.6 Risk

8.7 Customer Service

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Appendix 1 – Fuel Poverty Response